

FISCAL NOTE

SB 152 - HB 184

March 15, 2005

SUMMARY OF BILL: Changes the effective date for the implementation of the Streamlined Sales Tax Agreement (SSTA) from July 1, 2005 to July 1, 2006.

ESTIMATED FISCAL IMPACT:

Forgo State Revenues – Up to \$24,400,000

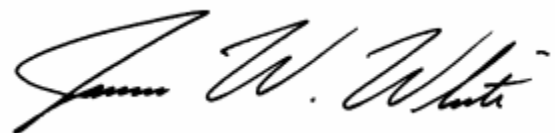
Forgo Local Govt. Revenues – Up to \$33,300,000

Assumptions:

- Using a study authored by the State of Washington to determine the voluntary compliance of non-nexus retailers, the Department of Revenue projected increased revenues of \$24.4 million in state sales tax and \$8.0 million in local sales tax.
- There are numerous local impacts associated with making Tennessee conform to the SSTA.
- Locals will lose approximately \$3.3 million in state-shared tax revenue under the SSTA due to the implementation of the privilege tax on cable, satellite, and other products and services.
- Locals will gain approximately \$28.63 million from interstate telecommunications, single article sales, commercial energy, and other products and services.
- Given a July 1, 2006 effective date, net local revenues foregone would be as much as \$33.3 million (\$8.0 million - \$3.3 million + \$28.63 million = \$33.3 million).
- Given a July 1, 2006 effective date, net state revenues foregone would be as much as \$24.4 million.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director